



Irish Life Weekly Investment Bulletin

The week that was – WEEK 37 (ending 09/09/2016)

“What you do speaks so loudly that I cannot hear what you say.” – Ralph Waldo Emerson

Irish consumer sentiment bounces back from Brexit blues – The latest KBC Bank Ireland/ESRI consumer sentiment survey shows that Irish consumer sentiment recovered in August, after taking a hit in July. It recorded a measure of 102.7 in August, up from 99.6 in July, moving back in line with its longer-term trend.

ECB holds interest rates at record lows – The European Central Bank maintained interest rates at record lows and kept the door open to more stimulus but gave little away about its next move. This lack of clarity surprised markets who had expected an announcement about extending the asset purchases programme.

U.S. Fed official signals rate rise – Boston Fed President Eric Rosengren said the U.S. central bank increasingly faces risks if it waits much longer to hike rates. This had the effect of pushing up the U.S. dollar and reducing gold price. Expectations for a rate rise had reduced more recently after jobs data disappointed.

Global stock market down 1.4% on the week – The World stock market (MSCI AC World) reduced 1.45% from 2nd to 9th September as markets reacted to the ECB not formally extending their monetary stimulus programme and further uncertainty regarding the question of a U.S. interest rise this month happening or not.

German industrial production slows sharply – New data from Destatis (Federal Statistical Office) showed Germany's industrial production declined unexpectedly in July, output falling 1.5% in July compared to expectations for an increase of 0.1% and is now 1.2% lower on the year. June production had increased 1.1%.

Some major banks backtrack on ‘Brecession’ prediction – Three leading banking institutions - Credit Suisse, Morgan Stanley and Goldman Sachs - have cancelled predictions of an EU referendum recession and revised their economic forecasts for 2016 and 2017 higher following better than expected economic surveys.

The Story of the week: A selection of some of the new words being added to Oxford English Dictionary: licktivism (n.): the practice of signaling support for a political or social cause by means of social media; freemium (n.): a business model, especially on the Internet, whereby basic services are provided free of charge while more advanced features must be paid for; gender-fluid (adj.): designating a person who does not identify with a single fixed gender; Yoda (n.): a person who embodies the characteristics of Yoda, esp. in being wise; an elder, sage or guru and YOLO (int.): “You only live once”; used to express the view that one should make the most of the present moment without worrying about the future (often as a rationale for impulsive or reckless behavior).

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2011	2012	2013	2014	2015	2016 YTD (to 09/09)
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-7.8
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	12.1
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-4.1
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	5.7
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	2.4
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-10.9
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	10.2
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	2.2
Sovereign 10yr Bond Yields (%)	2011	2012	2013	2014	2015	2016 YTD
U.S.	1.9	1.7	3.0	2.2	2.2	1.7
German	1.8	1.4	1.9	0.5	0.6	0.0
UK	2.0	1.9	3.0	1.9	1.9	0.9
Japan	1.0	0.7	0.7	0.3	0.2	0.0
Ireland	8.4	4.5	3.4	1.3	1.1	0.5
Italy	7.1	4.6	4.1	2.1	1.6	1.3
Greece	31.7	12.7	8.2	9.6	7.9	8.2
Portugal	13.4	6.9	6.1	2.7	2.5	3.2
Spain	5.1	5.4	4.1	1.6	1.7	1.1
Central Bank Rates (%)	2011	2012	2013	2014	2015	2016 YTD
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
Foreign Exchange Rates	2011	2012	2013	2014	2015	2016 YTD
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.12
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.85
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.33
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	6.3 (to end of Q2)
U.K.	8.1	2.7	10.7	17.8	13.1	2.5 (to end of Q2)
U.S.	14.5	5.3	11.4	11.2	12.1	4.1 (to end of Q2)

*Past performance is not a reliable guide to future performance